

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 INT-05 ERDA-07 AID-05 CEA-01

CIAE-00 CIEP-02 COME-00 DODE-00 FEAE-00 FPC-01 H-02

INR-07 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15

SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00 PA-02 PRS-01

/106 W

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R 061835Z OCT 75

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 8274

INFO AMEMBASSY BUENOS AIRES

UNCLAS LA PAZ 7003

DEPT PASS BUREAU OF MINES WASHDC; USGS WASHDC

E.O. 11652: N/A

TAGS: EMIN, BL

SUBJ: BOLIVIA TO RAISE PRICES OF OIL AND NATURAL GAS EXPORTS

1. PRESS OF SEPT 30 CARRIES REPORTS THAT MINISTER OF ENERGY, GEN GUILLERMO JIMENEZ GALLO, FOLLOWING OPEC LEAD, ANNOUNCED 10 PERCENT INCREASE IN PRICE OF BOLIVIAN CRUDE. PRICE INCREASE WILL REPRESENT ADDITIONAL \$30,000 PER DAY FOREIGN EXCHANGE FOR BOLIVIA BASED ON AVERAGE EXPORTS OF 25,000 BPD. MINISTER ALSO ANNOUNCED THAT PRICE OF NATURAL GAS WOULD SOON BE INCREASED BY MINIMUM OF 10 PERCENT. THIS REPRESENTS AN ADDITIONAL INCOME OF \$10,000 PER DAY FROM ARGENTINA. BOLIVIA EXPORTS TO ARGENTINA 150 MILLION CU FT OF GAS PER DAY AT \$.65 PER THOUSAND FEET PLUS ADDITIONAL VALUE FOR BUTANE AND PROPANE CONTENT.

2. BOLIVIAN EXPORTS OF MINERALS AND HYDROCARBONS FOR FIRST HALF 1975 WERE \$182 MILLION FOB. HIGHER GAS AND OIL PRICES WOULD RAISE BOLIVIAN FOREIGN EXCHANGE EARNINGS BY \$7,280,000 IN SECOND HALF 1975, A 4.0 PERCENT INCREASE.

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3. EMBASSY HAS BEEN TOLD INFORMALLY THAT ARGENTINA HAS NOT PAID FOR GAS RECEIVED SINCE MARCH AND FOR OIL SINCE JULY. WE ESTIMATE TOTAL VALUE OF UNPAID DELIVERIES AS OF SEPTEMBER 30 AT APPROXIMATELY \$35 MILLION.

4. JIMENEZ GALLO COMPLAINED OF HIGHER COSTS OF IMPORTS WHICH WILL FOLLOW INCREASE IN PRICE OF OIL AND ESPECIALLY LAMENTED INCREASED OPERATING COSTS OF STATE OIL COMPANY YPFB. LATTER, HE SAID, WOULD REQUIRE A GREATER SUBSIDY FOR INTERNALLY CONSUMED HYDROCARBON PRODUCTS. FURTHER DECRYING THESE "COSTLY SUBSIDIES" JIMENEZ SUGGESTED BOLIVIAN PEOPLE BECOME AWARE OF COMING CRISIS.

5. COMMENT: JIMENEZ WAS APPARENTLY REFERRING TO WHAT HE CONSIDERS TO BE LIKELIHOOD OF GROWING INFLATIONARY PRESSURE AND STRAIN IT PUTS ON YPFB BUDGET. A YPFB OFFICIAL ADVISED US JIMENEZ WAS SETTING STAGE FOR AN INCREASE IN DOMESTIC PRICE OF GASOLINE AND OIL PRODUCTS WHICH REMAIN VERY LOW (ONE LITER GASOLINE COSTS \$.05) AND NECESSITATE A STATE SUBSIDY. THE IMF HAS BEEN URGING INCREASED GASOLINE PRICES ON GOB, AN ACTION WHICH HAS BEEN HOTLY DEBATED BECAUSE OF ITS POTENTIAL POLITICAL AND INFLATIONARY EFFECTS. ON OCTOBER 3 A YPFB SPOKESMAN TOLD PRESS THAT YPFB HAD NOT BEEN AUTHORIZED BY GOB TO RAISE GASOLINE PRICES, SO MATTER APPEARS TO STILL BE UNDER DEBATE.  
PARKER

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, PRESS RELEASES, EXPORT PRICES, ECONOMIC DATA  
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**Copy:** SINGLE  
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**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
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